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IN THE

Supreme Court of the United States

OCTOBER TERM, 1966

No. 765

HUMBLE OIL & REFINING COMPANY, *Petitioner,*

v.

STANDARD OIL COMPANY (KENTUCKY), *Respondent.*

BRIEF OF RESPONDENT IN OPPOSITION

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BRIEF OF RESPONDENT IN OPPOSITION

QUESTIONS PRESENTED

Petitioner brought this suit to obtain a declaratory judgment approving its use of the trademark "Esso" in the five Southeastern states in which respondent has used the "STANDARD OIL" trademark since 1886. Respondent counterclaimed for trademark infringement and unfair competition. Two basic questions were raised in the pleadings,[1] were the subject of two years of pretrial discovery and deposition and of a four-month trial,[2] and were presented to and decided by the courts below:

> (1) Did three contracts between petitioner and respondent, and respondents' distribution of products under them, give petitioner the right to

[1] Complaint, R. 5-15; Answer, R. 17-24; Counterclaim, R. 24-41; Reply, R. 49-60.

[2] See Opinion of district court, R. 122, App. to Pet., C48.

use the trademark "Esso" in the five states in which respondent concededly had acquired the exclusive right to use the trademark "STANDARD OIL"?

(2) Is the trademark "Esso" confusingly similar to the trademark "STANDARD OIL," so that its use by petitioner infringes respondent's trademark, deceives the public and constitutes unfair competition?

The court of appeals decided both questions against petitioner, finding "profound confusion" and unfair competition,[3] and that petitioner's claim of a contract right is without substance.[4] The answers to these

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[3] "* * * Many persons, thinking Esso and STANDARD were the same, destroyed their old Kentucky credit cards believing the new Esso cards had replaced them.

"* * * Numerous patrons from all walks of life and all levels of our variegated society frequented Esso stations, believing that they were either owned by or in some way affiliated with Kentucky.

* * * * * * *

"* * * Esso derives its meaning from SO or STANDARD OIL. In the petroleum world and to the public * * * [it] means and has its real value in meaning the products purchased here are Standard Oil products.

* * * * * * *

"This case is a striking example of how the general public is confused. The record is replete with instances of confusion and any finding to the contrary would have to be held clearly erroneous." (Opinion of Court of Appeals, R. 8160-8161, 8165-8166, App. to Pet., A9, A13, A14).

[4] "* * * Thus it would seem that, until 1961 when the consent decree spurred a search for new meaning in an old contract, even Humble realized that Kentucky had made no such unbelievable concession as is here contended. We hold that by the 1955 contract Kentucky did not give up the right to exclude every distributor other than itself from using the mark Esso in its territory." (Opinion of Court of Appeals, R. 8173, App. to Pet., A21).

questions turn on the facts of an eight thousand page record and on the meaning of isolated contracts. Understandably the petition seeks no review of either ruling. Instead, petitioner seeks to raise an entirely new question which was not presented to or passed upon by either court below.[5] Further, petitioner asks this Court to decide this question in a manner directly contrary to the position which petitioner itself has maintained both in and out of court during its entire existence, and which petitioner specifically reaffirmed at the trial in this very case.[6]

It thus appears that the question sought to be raised by the petition is not properly before this Court.

Further, petitioner's contentions are without merit.[7] No conflict of decisions is claimed or exists. Indeed, every other case which has considered the point has decided it adversely to the contentions petitioner belatedly seeks to raise in this petition.

STATEMENT

Before the turn of the century the old Standard Oil trust was organized under the control of petitioner's parent, Standard Oil Company (New Jersey). The trust operated various subsidiary Standard Oil companies throughout the nation. Each of these companies, including respondent, Standard Oil Company (Kentucky), was given by the trust an exclusive geographical area in which to market under the "STANDARD OIL" name and trademarks (R. 776-778, 4859). When the dissolution decree of 1911 (*Standard Oil Co.* v. *United States* (1911) 221 U.S. 1) caused the divesti-

[5] The point was first mentioned in a petition for a rehearing by the court *en banc*, which was denied without more (R. 8218).

[6] See *infra*, page 9, et seq.

[7] See *infra*, page 14, et seq.

ture of the various operating subsidiaries, each, including respondent, continued to operate in its respective geographical area under the "STANDARD OIL" name and trademarks (R. 776-778). Each Standard Oil company became independent of the others, and each claimed and protected its exclusive right to use the "STANDARD OIL" name and trademarks in the states in which it was operating at the time of the dissolution (R. 4859-4860). This situation has existed for more than fifty years without challenge. The trademark rights thus acquired and maintained are of inestimable value and repeatedly have been protected by the courts.[8]

The Standard Oil trademark situation is one in which unfair competition obviously and immediately results if any company uses a "STANDARD OIL" name or brands in the area where another has long been marketing under that name. Customers of the local company think that the "STANDARD OIL" service station of the outside company is another service station of the local company and the outside company simply appropriates the local goodwill. Because of this, and under the constraint of court decisions about to be mentioned, the various Standard Oil companies have competed outside their own historical marketing areas under names which cannot be confused with "STANDARD" or "STANDARD OIL." Examples are: "BORON," by Standard Oil Company (Ohio), "CHEVRON," by Standard Oil Company of California, "MOBIL," by Standard Oil Company of New York, and "AMERICAN" and "AMOCO," by Standard Oil Company (Indiana) (R. 807-808).

In 1935, Standard of New Jersey, petitioner's parent, decided to try to use one of its Standard Oil names

[8] See *infra*, page 9.

to identify products sold within the original "STANDARD OIL" territory of Standard Oil Company (Indiana). It opened service stations in St. Louis, Missouri, and identified them with the trademark "Esso." Suit was promptly brought by Standard of Indiana, and in the leading case dealing with the Standard Oil trademark, the Eighth Circuit held that the Indiana company had the common law trademark rights in the "STANDARD OIL" name and brands within the states in which it had used them at the time of the dissolution (and in which it had since continuously used them), and that Standard of New Jersey was guilty of unfair competition when it marketed under the Standard Oil name "Esso" in those states (*Esso, Inc.* v. *Standard Oil Co.* (8 Cir. 1938) 98 F. 2d 1). Relying upon the principle established in *Hanover Milling Co.* v. *Metcalf* (1916) 240 U.S. 403 and *United Drug Co.* v. *Rectanus Co.* (1918) 248 U.S. 90, the court held:

> "* * * As between conflicting claimants to the right to use a name or mark, priority of appropriation implies more than priority in employment of the mark. It means that he who first employed the mark in a particular market has the better right in that market. A subsequent user and appropriator who has in good faith adopted and used the mark in territory into which goods of the first appropriator have not been used or sold, is entitled to protection against the first appropriator of the mark." (98 F. 2d, 6)

And it approved the findings of the district court:

> "* * * that since the dissolution decree of 1911, the various Standard Oil Companies, including plaintiff, have used one or more of the trade-marks 'STANDARD,' 'STANDARD OIL,' 'STANDARD OIL COMPANY,' 'S O C O,' and 'S O,' or abbrevations of them, exclusively in the territory where each had

> operated under the name Standard Oil Company, and each of said companies have acquired common law rights in these marks used by it in the states in which it had used such trade-marks; that each of these companies has competed with the others without limitation as to locality under many different names and trade-marks, not, however, including 'STANDARD,' or similar words; * * * that the public regards the letters 'S O' when used in connection with petroleum products sold by plaintiff as products sold by it; that the intent of the Standard Oil Company of New Jersey, in its use of 'Esso' as a brand and as a part of the corporate name of defendant, is to sell its goods as 'STANDARD OIL' and 'S O' goods in states in which these brands are not its trade-marks, but are the trade-marks and trade-names of plaintiff, and by so doing to enable it to deceive the public to its advantage and profit, and to use and profit by the reputation, popularity and good will of plaintiff; that members of the public, seeing the word "Esso" displayed at defendant's stations believe that the products sold are the products of plaintiff, or of a subsidiary of plaintiff, * * * (98 F. 2d, 4)

In only one other reported case (other than the case at bar) has a Standard Oil company attempted to use a Standard Oil name in a state in which another Standard Oil company originally, continuously and exclusively had used the Standard Oil marks. In the 1950's, Standard of Ohio commenced marketing under the trademark "SOHIO" in Michigan. Its action was promptly enjoined (*Standard Oil Company* v. *Standard Oil Company* (10 Cir. 1958) 252 F. 2d 65). The Tenth Circuit approved and followed the decision in the *Esso* case and held (pp. 70, 74):

> "Over the years there have been several decisions involving the use of the term 'Standard Oil Company.' Closely analogous to this case is the

decision in *Esso, Inc.* v. *Standard Oil Co.*, (8 Cir., 98 F. 2d 1), wherein the plaintiff Standard of Indiana succeeded in enjoining the use in its territory of the trade-name 'Esso' by a wholly owned subsidiary of the Standard Oil Company of New Jersey. In every case reported at this time the courts have acted to protect the Standard Oil company which had first obtained the right to use the 'STANDARD OIL' name and trade-marks in the area involved.

* * * * * *

"Defendants say that 'SOHIO' is a coined word without inherent meaning. The word is coined but its similarity to S. O. Ohio gives it a definite meaning. The court found, and the record shows, that 'In the petroleum world the letters "S.O." have always stood for "STANDARD OIL".' In *Esso, Inc.* v. *Standard Oil Co.* the Eighth Circuit held that the rights of the plaintiff Standard of Indiana were infringed by the use within its territory of the term 'Esso' by a subsidiary of the Standard of New Jersey and said:

> "'* * * we surmise the value of the brand "Esso" lies in the fact that it suggests "STANDARD OIL".'

"It is a fair and reasonable inference from the record now before us that the value of the designation 'SOHIO' lies in the fact that it suggests 'STANDARD OIL'."

Shortly after the commencement of the instant case, petitioner brought an action to modify the decree in the 1937 *Esso* case contending that the marketing practices of the parties had so changed that continued enforcement of the decree was inequitable and worked an extreme hardship upon petitioner, and that the use of "Esso" would not cause confusion since the motoring public is now able to distinguish between the products of the parties.

In a decision just handed down, the District Court for the Eastern District of Missouri refused to modify its earlier decree. It held that the confusion which existed in 1937 still exists, that there is still too much confusion in the minds of the public to permit a modification of the decree, that the decree has failed to work an extreme or any hardship upon petitioner, and that petitioner is vigorously and successfully competing with Indiana under its trademark "ENCO." It further held that petitioner's conduct barred it from equitable relief under the doctrine of "unclean hands."[9] Among other things, the court held (App. to this brief, pp. 9a, 14a-15a):

> "Plaintiffs state that their inability to advertise one brand name nationwide prevents competition. They want to use the name 'Esso' nationwide. This cannot be done. There is nothing to prevent plaintiffs from using the name 'Enco' nationwide. Plaintiffs are now competing vigorously with defendants in the midwest and in other areas under the name 'Enco.'
>
> * * * * * * * * *
>
> "The use of the name 'Standard' and all derivatives thereof belongs to Standard Oil (Indiana) in the midwest states as this Court held in 1937. To permit this decree to be modified on the evidence presented to this Court would cause the motoring public a great deal of confusion and would cause a substantial loss to the defendants. Their customers would not know the difference between the Standard torch and oval as used in the midwest and the Esso in the oval as used by the plaintiffs. The motoring public in the midwest would be buying plaintiffs' products thinking

[9] This case (*Humble Oil & Refining Co.* v. *American Oil Co.* (E.D. Mo. 1966) No. 63 C. 251 (2)) which was decided on September 29, 1966, does not yet appear in the Federal reports. A copy of the decision is reproduced in the Appendix.

they were defendants'. The injunction of 1937 does not prohibit the plaintiffs here from competing with the defendants in the midwest. They are at liberty to build all the filling stations, sell all the gasoline and do anything else they want to do, under the name 'Enco' or any other name they choose to adopt other than 'Esso' or some derivative of the name 'Standard Oil'. This, they are and have been doing. They have suffered no hardships."

ARGUMENT

Petitioner, having lost on every issue it tendered and litigated in this protracted case, now abandons those issues and seeks to raise an entirely new question. It proposes—as it nowhere suggested below—that this Court "disavow the doctrine that each of the original Standard Oil companies has . . . the right to enjoin the use in its historical area by other Standard Oil companies of any words or symbols that might be deemed a cognitive of any Standard Oil company" (Pet., p. 23). Such a ruling would require this Court to disapprove an unbroken line of decisions extending over nearly forty years by the First, Fifth, Eighth and Tenth Courts of Appeals and by district courts in Colorado, Maine, Missouri, New Hampshire, North Dakota and Wyoming.[10]

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[10] See the decision of the court below in this case and *Standard Oil Co.* v. *Standard Oil* (10 Cir. 1958) 252 F. 2d 65; *Esso, Inc.* v. *Standard Oil Co.* (8 Cir. 1938) 98 F. 2d 1; *Standard Oil Co. of Colorado* v. *Standard Oil Co.* (10 Cir. 1934) 72 F. 2d 524, cert. denied, 293 U.S. 620; *Standard Oil Co. of New Mexico* v. *Standard Oil Co. of Cal.* (10 Cir. 1932) 56 F. 2d 973; *Standard Oil Co. of Maine* v. *Standard Oil Co. of New York* (1 Cir. 1930) 45 F. 2d 309; *Humble Oil & Refining Co.* v. *American Oil Co.* (E.D. Mo. 1966) No. 63C251 (2); *Esso Standard Oil Co.* v. *Standard Oil Co. of New England* (D. N.H. 1958) 170 F. Supp. 71; *Standard Oil Company* v. *Standard Oil Company* (D. Wy. 1956) 141 F. Supp. 876; *Standard Oil Co.* v. *Standard Oil Co. of North Dakota* (D. N.D. 1954) 123 F. Supp. 227; *Standard Oil Co. of New York* v. *Standard Oil Co. of Maine* (D. Me. 1930) 38 F. 2d 677; *Standard Oil Co.* v. *Michie* (E.D. Mo. 1929) 34 F. 2d 802.

If petitioner had wanted this issue litigated, it could have raised it in the bill of complaint or at any time during the course of the trial.[11] Far from so raising it, petitioner not only conceded the correctness of the doctrine it now disavows but *affirmatively asserted it in its own interests.* At the very outset of the case, on the hearing for a preliminary injunction, respondent sought to test the sincerity of petitioner's claim that "Esso" and "STANDARD OIL" are not confusing marks by asking petitioner's Marketing Vice President whether petitioner would object if respondent opened "STANDARD OIL" service stations in Tennessee and Louisiana where Jersey markets under "Esso." The witness said he would oppose the establishment of such stations (Exh. p. 53, E, p. 525, R. 199). And at the trial Mr. Rathbone, Chairman of the Board of Jersey, testified (R. 5518, 5522-5523):

> "Q. Your company would have no objection to the Standard Oil Company [of Kentucky] operating under its STANDARD OIL signs in New Orleans where your company operates under the Esso sign,

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[11] Petitioner did raise the issue, so far as its argument rests on the 1911 decree, in the first *Esso* case. The court held (98 F. 2d, 8):

> "It is finally urged that the decree appealed from, granting an injunction against the defendant, will obstruct the operation of the dissolution decree. Plaintiff is not asking that defendant be enjoined from entering its trade territory, but that it be enjoined from infringing plaintiff's trade-marks, and from unfair competition. The dissolution decree established these companies as separate, individual and independent corporations. It was not the purpose of the decree to prevent the application of the established principles and rules of unfair competition to them. No such question was there involved and these companies come into a court of equity on the questions here involved, unhampered by the decree of dissolution."

as exemplified by this picture we were just looking at?

"A. No, sir, I wouldn't say that at all.

* * * * * * * * *

"Q. Is it your company's position that under such conditions the use of STANDARD OIL and Esso is not likely to result in confusion?

"A. No. My position is simply this, that we do not feel that we would be willing to permit any Standard Oil Company to use the name STANDARD OIL in the territory where we had pre-empted the use of that name STANDARD OIL.

* * * * * * * * *

"Q. And isn't it true that you would have no objection to their using the pole sign identification STANDARD OIL to identify their stations in Louisiana and Arkansas?

"A. No, sir. I thought I had made that clear. My position is that they cannot, without objection from us, use the name STANDARD OIL on their stations, on their poles, or anything else where we have the pre-emptive right to that name.

* * * * * * * * *

"A. What I am trying to say to you is this, that I do not believe that my company should ever agree to permit another Standard Oil company—and in this particular case we are confining it to the Standard Oil Company of Kentucky—to use the name STANDARD OIL in the territory where we have already the pre-emptive right to use the name STANDARD OIL."

The record discloses at least fourteen occasions on which respondent or its parent, Standard of New Jersey, sued or threatened suit against persons using

the name "STANDARD OIL" or any of its derivatives in respondent's historical marketing area.[12] Significant among these instances is the threat of litigation under which Standard of California withdrew its use of the trademark "CALSO" in petitioner's Eastern Esso territory. In his letter to Standard of California, Mr. Hope, President of Esso Standard Oil Company, wrote (R. 5529): "We have found ample evidence that this mark is widely known as a 'STANDARD OIL' mark and that this association is growing rather than diminishing."

At no time during the trial did petitioner ever suggest that respondent did not have the exclusive right to use the trademarks "STANDARD OIL and "STANDARD" in its marketing area. Its sole contention was that "Esso" is not a "STANDARD OIL" mark. It expressly admitted that the good will symbolized by the trademarks "STANDARD OIL" and "STANDARD" were owned by respondent and had great value.[13] It made no objections to the findings of the district court that respondent has been continuously known by the trade and public since 1886 as "STANDARD," "STANDARD OIL," and "STANDARD OIL COMPANY" (Finding 6, R. 153-154), and that defendant has a good will of great value "symbolized by defendant's 'STANDARD OIL' names, service marks and trademarks" (Finding 12, R. 155). And over and over the record contains statements by petitioner acknowledging that each Standard Oil Company has the right to exclude all others from the use

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[12] U. S. Patent Office, six cases (Exh. D-60; R. 4826-4828, 4847-4848); U. S. district courts, four cases (Exh. D-61; R. 4848-4863, 4863); threatened litigation, four cases (Exh. D-59; R. 4883-4888, 4891-4898, 4870, 4901; Exh. D-377; R. 5526-5529, 5528).

[13] Request for Admission No. 11 (R. 1010).

of the name "STANDARD OIL" or any mark confusingly similar to it in the area in which the particular Standard Oil company has used the "STANDARD OIL" name.[14] Indeed, the exact holding by the court below, of which petitioner now complains,[15] is almost an exact paraphrase of the affidavit filed by counsel for petitioner with the District Court of New Hampshire in *Esso Standard Oil Co.* v. *Standard Oil Co. of New England* (D. N.H. 1958) 170 F. Supp. 71, where petitioner—only three years before this suit was filed—was asserting its right to exclude defendant in that case from using the "STANDARD OIL" name in petitioner's Eastern marketing area.[16]

This Court does not sit to decide questions which could have been but were not raised in the courts

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[14] R. 1770, 2816, 4130, 4852-4853, 4859-4860, 4879, 4881, 4883-4885, 4887-4888, 4893, 4896, 5535.

[15] "This decision was reached upon the basic holding of the Court that each Standard Oil company retained from the days of the Standard Oil Trust the exclusive right to use the Standard name and marks and any cognitive symbol of Standard Oil in the area that was its territory under the method of operation of the Trust prior to 1911 (Pet., p. 4).

[16] The affidavit reads:

> "* * * This action [the 1911 decree] resulted in each 'Standard Oil' Company becoming independent of all the others, and, by operation of law, each became entitled to the right to the exclusive use of the 'STANDARD OIL' trade names and trademarks in the respective territory where it was operating at the time of the dissolution. Since plaintiff's predecessor, Standard Oil Company (New Jersey) was the only user of these trademarks in the states of New Jersey, Pennsylvania, Delaware, Maryland, Virginia, West Virginia, North Carolina, South Carolina, Louisiana, Arkansas, Tennessee and the District of Columbia, it continued to have the exclusive right to these terms in those states" (R. 4859-4860).

below. *A fortiori* it does not entertain a request to decide new questions in a manner directly contrary to the position taken on those questions in the courts below by the party seeking review. These principles are particularly applicable in this case where failure of petitioner to raise the point not only deprives this Court of the benefit of the decision of the question by the courts below but also presents the question on a record which is lacking in facts relevant to a decision.

If this Court ever were to consider the question whether the action of the federal courts in protecting the concurrent uses of the Standard Oil name is a restraint of trade—a question which we believe is unsubstantial [17]—it certainly could do so only on a record disclosing all of the facts relating to the use of the Standard Oil name and the nature and scope of the competition between the companies, both under Standard Oil brands and under other brands used by the companies outside their historical areas. Since the question was never at issue below, such data are lacking in this record. However, sufficient does appear, we submit, to sustain the opinions of other federal courts who have considered and rejected petitioner's claims.[18]

The record shows that there are no territorial allocations or restrictions of any kind in the operations of the Standard Oil companies. All compete with each other under various distinctive trade names. Standard

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[17] See *infra*, p. 14 et seq.

[18] See quotations from the two *Esso* cases, *supra*, pp. 5-6 and 8-9; *Standard Oil Co.* v. *Standard Oil Co.* (10 Cir. 1958) 252 F.2d 65, 76. (*Sohio* case); *Standard Oil Co. of Maine* v. *Standard Oil Co. of New York* (1 Cir. 1930) 45 F.2d 309, 313. And see the opinion of the court below (R. 8173-8174; App. to Pet., A21-22).

of California competes outside its Standard Oil area under the trademark "CHEVRON" (R. 808); Standard of Ohio so competes under the trademark "BORON" (R. 1321-1322); Standard of Indiana so competes under the trade name and trademarks "AMERICAN OIL COMPANY" and "AMOCO" (R. 808); and Standard of New York has completely given up its Standard Oil name and symbol "SOCONY" and competes nationwide under the trademark "MOBIL" (R. 906-907, 4860-4861). Indeed, so far as this record shows, each of these companies may be doing the greater part of its business under non-Standard Oil names in competition with other Standard Oil companies and other companies in the industry. Further, the record shows that, except for the attempted infringing use in the case at bar, petitioner uses its Standard Oil trademark "Esso" only in the eighteen states which comprise its original Standard Oil marketing area and competes throughout the rest of the country under its nationally advertised brands, "HUMBLE" and "ENCO." Sales under these brands are extensive and, presumably, successful.[19] There is no evidence in the record that any Standard Oil Company has been handicapped by competing under trade names and brands which do not infringe.

Petitioner cites no authorities which question the established law protecting good faith concurrent users of trademarks upon which the long line of Standard

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[19] At the time of the trial in this case petitioner was operating 5,631 stations in 23 states under the trademarks "ENCO" and "HUMBLE" (R. 1018-1019).

Oil trademark cases rests.[20] In the *United Drug* case, cited in the footnote, petitioner had developed and used the mark "Rex" in New England for drugs. Subsequently it sought to expand the use of its mark to Kentucky only to find that respondent had been there using the same mark on the same goods for many years. This Court affirmed respondent's right to use the mark in Kentucky, saying (248 U.S., 101-102):

> "* * * petitioner, being the newcomer in that market, must enter it subject to whatever rights had previously been acquired there in good faith by the Rectanus Company * * * To hold otherwise * * * would be to establish the right of the latter as a right in gross, and to extend it to territory wholly remote from the furthest reach of the trade to which it was annexed, with the effect not merely of depriving Rectanus of the benefit of the good will resulting from his long-continued use of the mark in Louisville and vicinity, and his substantial expenditures in building up his trade, but of enabling petitioner to reap substantial benefit from the publicity that Rectanus had thus given to the mark in that locality, and of confusing if not misleading the public as to the origin of goods thereafter sold in Louisville under the Rex mark; for, in that market, until petitioner entered it,

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[20] *Hanover Milling Co.* v. *Metcalf* (1916) 240 U.S. 403, *United Drug Co.* v. *Rectanus Co.* (1918) 248 U.S. 90, *Cohn-Goldwater Mfg. Co.* v. *Wilk Shirt Corp.* (2 Cir. 1945) 147 F. 2d 767, *Silber* v. *Bullseye Corp.* (Ct. Cust. & Pat. App. 1958) 254 F. 2d 405, *American Foods, Inc.* v. *Golden Flake, Inc.* (5 Cir. 1963) 312 F. 2d 619, *International Breweries, Inc.* v. *Anheuser-Busch, Inc.* (D. Fla. 1964) 230 F. Supp. 662, *Anheuser-Busch, Inc.* v. *Bavarian Brewing Co.* (6 Cir. 1959) 264 F. 2d 88.

The Lanham Act (15 USC § 1052(d)) specifically provides for concurrent registration when "a court of competent jurisdiction has finally determined that more than one person is entitled to use the same or similar marks in commerce."

'Rex' meant the Rectanus product, not that of Regis."

Petitioner has three times sought to appropriate the good will of other Standard Oil companies under the claim that its "Esso" mark is distinctive and does not, to the public, mean or connote "STANDARD OIL." On each occasion the courts have held that this claim is specious.[21] If petitioner were now to be awarded the right to use the Standard Oil trade name "Esso" throughout the United States, the competition existing between petitioner and the other Standard Oil companies would simply be replaced by unfair competition, and petitioner would benefit by the destruction of property rights of inestimable value of the other Standard Oil companies. The ironical result would be that the Standard Oil Company of New Jersey, larger by far than all of the other Standard Oil companies combined, would end up with the Standard Oil good will of all of the other Standard companies. A cycle from the 1911 decree would be complete.

As the court below said (R. 8173-8174; App. to Pet., A21):

> "The antitrust laws require competition, not piracy. The essence of competition is the ability of competing products to obtain public recognition based on their own individual merit. A product

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[21] In the instant case the proof of unfair competition was particularly dramatic because, upon the denial of the preliminary injunction, petitioner invaded respondent's territory with a crash program (R. 1012-1015) and proof was available to show what actually occurred in the market place. For a summary description of only a small part of this proof, see footnote 3, *supra*, and the opinion of the court below (R. 8159-8169; App. to Pet., A7-A14).

> has not won on its own merit if the real reason the public purchases it is that the public believes it is obtaining the products of another company. There is not now, nor has there ever been, a conflict between the antitrust laws and trademark laws or the law of unfair competition. The antitrust laws go no further than to envision Humble's entering the market and competing under one of its non-Standard Oil tradenames and marks. In this way Humble could obtain customers based on its own merits."

The foregoing was the answer of the court below to the argument which petitioner repeats here (Pet., pp. 10, 19, 20, 22) that the 1961 decree contemplated that petitioner enter respondent's territory under the trademark "Esso." Nothing in the record supports this statement. Indeed, the testimony is uncontradicted that respondent expected prompt and vigorous competition under respondent's nationally advertised "ENCO" brand which it uses in the territories of the other Standard Oil companies (R. 830-831).[22]

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[22] As petitioner correctly points out (Pet., p. 9), both the Government and respondent expected that as a result of the 1961 consent decree Jersey would set up its own marketing system to compete with Kentucky in the five Southeastern states and that Kentucky, supplied by a new refinery to be constructed in Mississippi, would expand its market into other states in competition with Jersey. Since the trial of this case respondent has completed the construction of a 120,000 barrel per day refinery in Mississippi and has entered into competition with petitioner in petitioner's Eastern Esso marketing area. These operations are being conducted under the non-Standard Oil brand "CHEVRON." Quite obviously petitioner did not expect respondent to try to enter Jersey's market under a Standard Oil brand, since its Chairman and Marketing Vice President testified at the trial that Jersey would oppose any use of the name STANDARD OIL by Kentucky "in the territory in which we had pre-empted the use of the name STANDARD OIL" (*supra*, pp. 10-11).

The facts in this record make it difficult to believe that petitioner makes its claims in good faith. Petitioner is under no misapprehension as to the public confusion and unfair competition created, and which would be created, by its use of the trademark "Esso" in the marketing areas of the other Standard Oil companies. And it is quite conscious of the windfall it would receive at the expense of these other companies. Quite apart from the evidence of actual confusion in this case, the record discloses that only five years before petitioner filed its complaint herein, Standard of New Jersey appointed a special committee of Jersey executives "* * * to investigate the possibility of arriving at uniform brand and company trade identification and the methods by which this goal could be achieved." (Exh. D-359, p. 1; R. 4122, 4144). The committee recommended that Jersey try to purchase from the other Standard Oil companies the right to use the "Esso" mark throughout the United States (Exh. D-359, p. 2; R. 4123, 4144). It gave as the reason for this recommendation:

> "5. The identification of 'Esso' with 'The Standard Oil Company' is a major factor in the acceptance of the brand and the products it names. In motivational and other studies of gasoline buyer habits, 'The Standard Oil Company' always looms large in the background as assurance of quality through bigness" (Exh. D-359, pp. 66-67; R. 4141, 4144).

A year later, petitioner had its own advertising agency, McCann-Erickson, Inc., conduct a pilot survey in its own 18 state territory and the territory of Standard of Indiana, "* * * to appraise the possible consumer reaction if each of these companies were to start marketing its respective brands in the territory

now served by the other." (Exh. D-358, p. 1; R. 4087, 4085-4086). The survey disclosed to Jersey (Exh. D-358, p. 12; R. 4089, 4085-4086):

> "The majority of drivers in the western sector [Standard of Indiana territory] who expressed an opinion, thought that STANDARD and Esso [gasoline] were either made by the same company (55%) or were made by related companies (37%)."

Petitioner, quoting out of context isolated phrases from the court's opinion tries to distort the holding of the court of appeals. It says that the court below found that respondent has no good will in the Standard Oil name; that the Standard Oil reputation in respondent's marketing area is not the reputation of respondent, but a general "overall" reputation of all Standard Oil companies; that the court below awarded a portion of this good will, unconnected with respondent's business, to respondent on an arbitrary and territorial basis (Pet., pp. 5, 11-15, 20).

Nothing could be further from the truth.

As noted above, the district court found that respondent since 1886 has continuously been known "by the trade and public throughout defendant's area as 'Standard,' 'Standard Oil,' and 'Standard Oil Company'." (Finding 6, R. 153). It also found that the service stations which respondent operates and the products it sells are "identified and known by defendant's 'Standard Oil' names, service marks and trademarks" (Finding 9, R. 154); that respondent's sales of services and petroleum products under its Standard Oil names and trademarks "have been in large and substantial amounts continuously and annually for many years past and have totaled many billions of dollars

in value" (Finding 10, R. 154); that respondent "has continuously and extensively advertised and promoted its 'Standard Oil' services * * * and * * * products throughout its area * * * with large and substantial expenditures amounting to many millions of dollars" (Finding 13, R. 155), and that:

> "Defendant, since long prior to 1920, has developed, acquired and maintained a good will of great value in its area, said good will being represented, identified and symbolized by defendant's 'Standard Oil' names, service marks and trademarks" (Finding 12, R. 155).

These findings are overwhelmingly supported by uncontradicted evidence and have never been challenged by petitioner. The court of appeals, as did the Missouri court in its recent decision,[28] recognized that some members of the public think that all Standard Oil companies are related. But when the court below held that "Esso" derives its meaning from Standard Oil and "means and has its real value in meaning the products purchased here are Standard Oil products" (R. 8165, App. to Pet. A13), and that "the good will gained was not as to Esso but as to a STANDARD OIL product" (R. 8167, App. to Pet. A15), it meant the products of Standard of Kentucky. This is made abundantly clear where the court's opinion discusses the confusion resulting from the fact that the public did not realize—as the court carefully put it—that "Esso did not mean STANDARD—that is, Standard of Kentucky" (R. 8160, App. to Pet. A8).

Actually, petitioner's whole argument is based upon its persistent refusal to accept the fact that

[28] Appendix to this brief, p 8a.

"STANDARD OIL" and "Esso" are one and the same to the general public. It says "whatever the relation of Esso to the letters SO or to STANDARD OIL at the time it was developed and thereafter, the trademark Esso is now, and for several years has been, identified to the motoring public as connected only with Humble" (Pet., pp. 22-23). And it refers to respondent's attempt "to head off the competition envisaged by the 1961 consent decree" under respondent's "own established and nationally known trademark Esso," which is identified only with "Humble" (Pet. p. 10).

These statements simply are untrue. In every court in which petitioner has tried to prove their truth it has failed. The record in this case and the decision of the court below overwhelmingly establish their untruth. Until a few months prior to the filing of this case petitioner's name was and had for many years been "Esso Standard Oil Company," (R. 2430) a name by which it is still generally known. It adopted this name for the very purpose of achieving maximum public association between "STANDARD OIL" and "Esso" and marketed under the name "Esso Standard" until after the commencement of this action.[24] On analysis, petitioner's contentions simply return to disagreement with the question decided against it *as a matter of fact* by the court below, namely, that "Esso" is not a distinctive name identified only with Humble, but is another form of "STANDARD OIL" and signifies STANDARD OIL to the purchasing public. Because this is so, petitioner's suggestion (Pet., pp. 21-25) that confusion can be avoided by some specific identification accompanying the use of the "STANDARD" mark by

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[24] Finding 14, R. 155.

each company is without merit—and the courts have so held.[25]

Contrary to petitioner's statement, the issue in *U. S.* v. *Sealy, Inc.*, No. 9, October Term 1966 (probable jurisdiction noted 382 U.S. 806) is not akin to that presented in this case. That case involves the issue whether it is a *per se* violation of the antitrust laws for the owner of a trademark to issue exclusive territorial licenses to manufacturers of the trademarked product who own interests in the trademark owner. In this case petitioner seeks to raise the question whether it is a violation of the antitrust laws for the courts to recognize that the owners of identical trademarks, who have built up the good will in those marks in separate territories, may exclude each other from the use of the mark in the owner's own territory.

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[25] A similar contention by petitioner was rejected in the first *Esso* case (98 F. 2d 1, 7):

> "It is urged that the so-called explanatory words, 'Not connected with Standard Oil Company (Indiana),' were sufficient to avoid the charge of unfair competition. First, it may be noted in passing that manifestly defendant recognized that without this explanation, confusion or deception might result. The court found that notwithstanding the explanatory words, actual deception and confusion did result. The marks are simply words, or letters of the alphabet, not derivative of the product. They have but one meaning, and point to the source of the product. They mean 'STANDARD OIL,' and 'STANDARD OIL' in the named states means Standard Oil Company of Indiana."

A like ruling was made in *Standard Oil Co.* v. *Standard Oil Co. of North Dakota* (D. N.D. 1954) 123 F. Supp. 227, 228. And in *Standard Oil Co. of New Mexico* v. *Standard Oil Co. of Cal.* (10 Cir. 1952) 56 F. 2d 973, 976 and *Esso Standard Oil Co.* v. *Standard Oil Co. of New England* (D. N.H. 1958) 170 F. Supp. 71, 73, the courts held that "STANDARD" and "STANDARD OIL" are the dominant words and that confusion with the local Standard Oil company is not avoided by tacking on "of New Mexico" or "of New England" as identifying clauses.

CONCLUSION

The questions sought to be reviewed are not properly before this Court. They present no meritorious issue. The decision of the court below is clearly correct and accords with all of the decisions of the numerous federal courts which have considered the same issues. The petition for a writ of certiorari should be denied.

Dated: November 16, 1966

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APPENDIX

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APPENDIX

UNITED STATES DISTRICT COURT
EASTERN DISTRICT OF MISSOURI
EASTERN DIVISION

No. 63 C 251 (2)

HUMBLE OIL & REFINING COMPANY, a corporation, Esso, INCORPORATED, a corporation, and STANDARD OIL COMPANY, a New Jersey corporation, *Plaintiffs,*

v.

AMERICAN OIL COMPANY, a corporation, and STANDARD OIL COMPANY, an Indiana corporation, *Defendants.*

Findings of Fact and Conclusions of Law

This proceeding was brought under and pursuant to Rule 60(b) of the Federal Rules of Civil Procedure to modify an injunction decree of this Court entered in 1937 in case No. 11407, which was affirmed on appeal in *Esso, Inc.* v. *Standard Oil Co. (Indiana),* 98 F. 2d 1 (8 Cir. 1938). Under the 1937 decree "Esso, Incorporated, its agents, servants, representatives, employees, attorneys, confederates, and all others acting for, with, through or under it and each of them," were perpetually enjoined from using in the petroleum industry in the States of Colorado, Illinois, Indiana, Iowa, Kansas, Michigan, Minnesota, Missouri, Montana, North Dakota, Oklahoma, South Dakota, Wisconsin and Wyoming "the term Esso alone or in combination with other names, terms, letters, marks, symbols, or syllables," or the trade names or trademarks Standard, Standard Oil, Standard Oil Company, S O, or S O C O, or "any names, terms, marks or symbols colorably similar thereto in sound, appearance, significance of meaning."

Plaintiffs in this proceeding are Humble Oil & Refining Company, a Delaware corporation (herein called Humble), Esso, Inc., a corporation, and Standard Oil Company, a New Jersey corporation (herein called Standard Oil [New Jersey]). Humble is wholly owned by Standard Oil (New Jersey), and Esso, Inc., is wholly owned by Humble. Esso, Inc., was a defendant in the 1937 case.

Defendants in this proceeding are The American Oil Company, a Maryland corporation (herein called American), and Standard Oil Company, an Indiana corporation (herein called Standard Oil [Indiana]), which owns all of the capital stock of American. Standard Oil (Indiana) was the plaintiff in the 1937 case and obtained the above mentioned injunction.

Plaintiffs herein seek to modify the 1937 injunction to permit Humble to use the name and mark "Esso" in the petroleum industry in the fourteen midwest states covered by the decree and in the State of Nebraska. Following the entry of the 1937 injunction, Standard Oil (Indiana) began marketing in Nebraska. These fifteen states are hereafter referred to as the midwest.

Plaintiff Humble is now the owner of record of the federal registration of the trademark "Esso". Plaintiff is prohibited from using it in the midwest by virtue of the 1937 decree.

To understand the problems of this litigation, a brief history of the Standard Oil Company is necessary. The Standard Oil trust began in 1870. By 1899 Standard Oil was the leading and dominant name in the American oil industry. A holding company, Standard Oil of New Jersey, was formed and through this holding company various Standard Oil Companies were controlled from 1899 to 1911. During this period of time the name "Standard Oil", by extensive national advertising and excellent products, achieved a nationwide reputation. In 1911 the Supreme Court held that the method of operation of

Standard Oil violated the Sherman Antitrust Act and ordered the company dissolved. *Standard Oil* v. *United States,* 221 U.S. 1 (1911). After 1911 the courts determined that various Standard Oil Companies had the exclusive right to use the Standard name and marks in their own territories, as this Court so held in 1937 in relation to fourteen midwest states.

The courts throughout the United States have uniformly held that the particular Standard Oil Company which first and continuously used the name "Standard" and derivatives thereof in a particular trade area had the exclusive right to use that name and all derivatives therefrom to the exclusion of the other Standard Oil Companies and to the exclusion of all strangers who attempted to use the name. See *Standard Oil Company (Sohio)* v. *Standard Oil Company (Indiana),* 141 F. Supp. 876 (D. Wy. 1956), aff'd 252 F. 2d 65 (10 Cir. 1958); *Standard Oil Co. of Colorado* v. *Standard Oil Co. (Indiana),* 72 F. 2d 524 (10 Cir. 1934), cert. den. 293 U.S. 620; *Standard Oil Co. of New Mexico* v. *Standard Oil Co. of California,* 56 F. 2d 973 (10 Cir. 1932); *Esso Standard Oil Co.* v. *Standard Oil of New England,* 170 F. Supp. 71 (D. N.H. 1958); *Standard Oil Co. (Indiana)* v. *Standard Oil of North Dakota,* 123 F. Supp. 227 (D. N.D. 1954); *Esso Standard Oil Co.* v. *Bazerman,* 99 F. Supp. 983 (E.D. N.Y. 1951); *Standard Oil of New York* v. *Standard Oil of Maine,* 38 F. 2d 677 (D. Maine 1930), aff'd 45 F. 2d 309; *Standard Oil Co. (Indiana)* v. *Michie,* 34 F. 2d 802 (E.D. Mo. 1929). The one exception to this universal holding was found in the case of *Humble Oil & Refining Co.* v. *Standard Oil Co. (Kentucky),* 229 F. Supp. 586 (D.C. Miss. 1964), where Standard Oil (Kentucky) had been distributing Esso products under a licensing agreement which had expired. Thereafter, Humble began using Esso products in the five southeast states area, Alabama, Georgia, Florida, Kentucky and Mississippi, in its own right. The district court held that if any confusion resulted, it was the fault of Standard Oil (Ken-

tucky), and it could not now complain. This case was reversed by the Fifth Circuit Court of Appeals on July 1, 1966, F. 2d (5th Cir. 1966), and an application for certiorari is now pending in the United States Supreme Court.

The plaintiffs contend essentially that the marketing practices and conditions of the defendants and the habits of the motoring public have changed so much since 1937 that the continued enforcement of the 1937 decree is inequitable and works an extreme hardship upon the plaintiffs; that it deprives the motoring public of the competition that would be engendered in the event the decree were modified to permit the introduction of plaintiffs' products in the midwest under the name "Esso". Plaintiffs further contend that the introduction in the midwest of plaintiffs' products under the name "Esso" would cause no confusion. Plaintiffs contend that practices of the plaintiffs since 1937 are changed in such a manner that the motoring public is now able to distinguish between the products of the plaintiffs and those of the defendants. This Court finds at the outset that the plaintiffs herein stand before this Court of Equity with unclean hands. Their appeal to the conscience of the Chancellor has fallen on stoney ground. Relief to them would be denied on this ground alone, even had they met the burden of proof required with clear and convincing evidence. In addition, the plaintiffs have not met the burden of proof on any of their essential contentions.

In 1937 Standard Oil (Indiana) was doing business as an operating company and as a holding company. It was operating on its own name in the fourteen states of the midwest and through subsidiaries in other parts of the United States. Its subsidiary, the Utah Oil Refining Company, operated in Utah, Idaho and Nevada, and after 1937 began to market in Washington and Oregon. A subsidiary, Pan-Am Southern Corporation, operated in Louisiana, Mississippi, Alabama and Tennessee. A subsidiary,

the defendant in this case, American, operated in New York, New Jersey, Pennsylvania, Delaware, Maryland, Virginia, West Virginia, North Carolina, South Carolina, Georgia, Florida, Ohio and the District of Columbia. In 1937 these subsidiaries were not wholly owned by defendant Standard Oil (Indiana). Between 1937 and 1961 Standard Oil (Indiana) acquired all of the outstanding stock of these subsidiaries and merged them into a single wholly-owned subsidiary, defendant, American. Since 1961 Standard Oil (Indiana) has operated only as a holding company and a policy-making company.

From 1937 to 1961 the defendants' subsidiaries used a variety of brand names of gasoline, service station color schemes, and other marks and symbols. Prior to 1961 Standard Oil (Indiana) began to adopt the torch and oval as an I D sign on the service stations of its subsidiaries. It also began to adopt certain slogans in connection with radio, television and other advertising. The slogans were: "You expect more from and you get it" and "As you travel, ask us". The red, white and blue color scheme was adopted at various times by its subsidiaries prior to 1961 and was uniformly adopted by all of them in 1961. Since 1937 to date, the service stations of defendants in the midwest have had the name "Standard" on the stations and in the I D sign. Since 1937 to date, the defendants' color scheme in the midwest has been red, white and blue on the service stations. From 1937 to date, the defendants have used at various times and during various intervals in the midwest the initials "S O" and "S O C O" on road maps, on radio and television advertising, on newspaper and magazine ads, on trucks, and certain products such as charcoal starter, Solite lighter fluid and on gasoline pumps. There is no indication from the evidence that the defendants have ever abandoned or intended to abandon the use of the letters "S O" or "S O C O".

Since 1961 the I D sign of defendant American has continued to carry the name "Standard" in the torch and oval

at all filling stations in the midwest. Outside the midwest in the territory of the other Standard Companies, the torch and oval has carried in the I D sign the name "American". Atlas tires and other Atlas products are sold and have been sold at the service stations of defendants, of plaintiffs, and of all the other Standard Oil Companies throughout the United States.

The name "Standard Oil" was employed by the plaintiffs' predecessors in plaintiffs' territory in the east at the time of the decree in 1937 and the name "Standard" was continued in use in that eastern territory until a few years ago. The trademark "Esso" was a word developed from the letters "S" and "O", which were the initials of Standard Oil. From 1925 to date, the name "Esso" has been used in the eastern part of the United States and this name "Esso" has been and is now used in Canada, Europe, Africa, South America, Asia, and in other parts of the world.

From 1937 to 1960 plaintiffs acquired a number of subsidiary companies, including Carter Oil Company, Pate Oil Company, Oklahoma Oil Company of Chicago, and Gasoteria Oil Company of Indianapolis. In 1944 Standard Oil Company of Louisiana was merged into Standard Oil Company of New Jersey, and in 1948 there was a merger of these companies with Standard Oil Company of Pennsylvania, Colonial Beacon Oil and Kesbec to form the Esso Standard Oil Company. In 1960 all of the operating companies of the plaintiffs were merged into the plaintiff Humble, a wholly-owner subsidiary of plaintiff Standard Oil (New Jersey). Prior to 1960 plaintiffs began to adopt throughout the country a uniform red, white and blue color scheme at their filling stations and the slogan "Happy Motoring". In 1948 plaintiffs adopted as their I D sign at the service stations in the United States in the territory where this could be used the word "Esso" in an oval. This was primarily in the eastern United States. From

1960 to date, the I D sign of the plaintiff Humble outside its eastern states territory has contained the name "Enco". The I D sign of "Esso" is used in other parts of the world as plaintiff's principal identification.

Since 1961 the I D sign of the plaintiff Humble has contained the word "Esso" in the five southeastern states of Standard Oil (Kentucky) territory, about which litigation is presently pending.

From 1948 to 1960 the name "Esso Standard Oil Company" was used in advertising throughout the east on radio, television, in newspapers, magazines, on gasoline pumps, trucks, maps and outdoor advertising. Since 1960 the I D sign of plaintiff Humble has been standardized to use the word "Esso" in an oval in the eastern states and the five southeastern states in which litigation is presently pending. Outside the eastern states, in the midwest and the west, the I D sign of plaintiff contains the word "Enco" in an oval. This name "Enco" was derived from "the leading ENergy COmpany".

The various Standard Oil Companies throughout the United States have used the name "Standard" or some derivative thereof within their own exclusive territories. Outside their territories they have used other names and I D signs. Standard Oil (California) uses the name "Chevron" in other parts of the United States. Standard Oil (Ohio) uses the name "Boron" outside of Ohio. Each of these Standard Oil Companies has been very diligent in the protection of the use of the name "Standard" and derivatives thereof within its exclusive territory.

Plaintiffs have filed objections to the use of any derivative of the name "Standard" or "Esso" relating to trademark matters pending before the Patent Office. They have advised by letter any interlopers within their territory that the name "Standard" or "Esso" cannot be used in their territory. In a number of cases where a letter did

not stop the use of a name, they have filed suit. Their complaints have contained the allegations that "Esso" means "Standard". Plaintiffs have made the same allegations before the Patent Office on numerous occasions in their objections to certain trademark matters. Generally, the various Standard Oil Companies have tried to confine the use of the name "Standard" and derivatives thereof to their own territories. However, there has been some overlapping in relation to radio, television and split-run ads on national publications, resulting in a spilling over of advertising matter into each other's territory. Because of the fact that at one time there was only one Standard Oil Company and that company has been divided, a great number of persons are unaware that the Standard Oil Companies are, in fact, separate and distinct companies. This situation existed in 1937 and it exists today. In the middle west a number of surveys in evidence show that the name "Esso" means Standard Oil. As a matter of fact, outside the midwest plaintiffs have used on outdoor billboards a sign saying "Welcome to Tennessee where Esso means Standard Oil".

In 1954 Humble Oil and Refining Company, a Texas corporation, which at that time was a marketing subsidiary of plaintiff Standard Oil (New Jersey), settled its differences with Standard Oil (California), which were being litigated and the terms of this contract provided that the name or mark "Esso" may not be used in the States of New Mexico, Arizona, California, Oregon, Washington, Idaho, Utah and Nevada. In these states Standard Oil (California) claims the exclusive right to use the name and mark "Standard" and all derivatives thereof. Plaintiffs contend that it works a great hardship on them not to be able to use the name "Esso" throughout the United States. Even though this Court were to grant the relief they desire, it would appear that they could not use the name "Esso" in the western states nor can they use the name "Esso" in the southeastern states. This is one of

the hardships which plaintiffs contend is being imposed upon them by this decree.

At the trial of this case witnesses for the plaintiffs stated that they had no objections to the defendants using the name "Standard" in the east. This testimony is in contrast to and not consistent with the many objections which the plaintiffs had made to the use by anyone, including defendants, of the name "Standard" in plaintiffs' eastern region.

Plaintiffs state that their inability to advertise one brand name nationwide prevents competition. They want to use the name "Esso" nationwide. This cannot be done. There is nothing to prevent plaintiffs from using the name "Enco" nationwide. Plaintiffs are now competing vigorously with defendants in the midwest and in other areas under the name "Enco".

In 1955 Standard Oil (Indiana) entered into an agreement with Standard Oil (California) concerning advertising in each other's territory. This agreement provides that the companies shall not use the name "Standard" in each other's territory. This agreement is not a division of territory as plaintiffs contend, but is merely a codification of what the courts have already decided the parties are entitled to have and use.

Among the changes which plaintiffs contend the Court could not foresee in 1937 is the extensive use of radio and television and the great increase in the mobility of the traveling public both by our interstate highway systems, by air travel, and the development of the use of the credit cards. Plaintiffs contend this has caused the motoring public to recognize and distinguish the different Standard Oil Companies and particularly to distinguish "Esso" as being a separate and distinct company. There was some exchange of credit cards prior to 1937 and there is no question that this has increased greatly. At the present

time, by and large, the various Standard stations throughout the country recognize and accept each other's credit cards. Radio was in its infancy in 1937 and television had not begun and there is no question that this has had an impact on the buying public. The traveling public has become more mobile, both by automobile and by air. But, this Court cannot say that such conditions were unforeseen by the Court in 1937 or that they constitute such a change that the injunction should be modified. The fact remains that the confusion which existed in 1937 continues to exist and the conditions which exist today are merely an extension of conditions that led up to the 1937 decree.

The plaintiffs introduced a survey conducted by the firm of Louis Harris & Associates, Inc. The essence of this survey concerning the midwest, according to Mr. Harris, is that the maximum association between "Esso" and "Standard" in the midwest is eighteen percent of the population.

Defendants introduced a survey conducted by Steuart Britt. The essence of his survey was that thirty percent of the people in the midwest associated "Esso" with Standard Oil.

In 1956 a survey was made by the advertising agency of McCann-Erickson. Of the persons responding in the midwest 44.9% thought that the gasoline sold at Esso was made by Standard Oil or a related company.

An attorney for the defendants interviewed 1,965 people in thirteen cities in the midwest and showed them a picture of an Esso station; 38% of these persons thought this station sold Standard Oil gasoline.

Whatever the precise percentage of confusion between the products of the plaintiffs and those of the defendants may now exist, taking only the evidence introduced by the plaintiffs as to confusion in its most favorable light, there

is still too much confusion in the minds of the public for the Court to permit a modification of the 1937 decree.

In 1937 Standard Oil (New Jersey) had assets of approximately two billion dollars and annual net profits of approximately one hundred fifty million dollars. By 1964 the assets of Standard Oil (New Jersey) had increased to twelve and one-half billion dollars and its net profit had increased to over a billion dollars. Based on these figures, it would appear to the Court that the decree entered by this Court in 1937 has not only failed to work an extreme hardship upon the plaintiffs, it has hardly even caused them an inconvenience.

In 1956 defendant Standard Oil (Indiana) obtained an injunction from the District Court of Wyoming against the use by Standard Oil (Ohio) of the name "Sohio" in the midwest. This judgment was affirmed by the 10th Circuit Court of Appeals in 1958.

On March 21, 1960, Rufus S. Day, Jr., and Maurice Hanning, representing Standard Oil (Ohio), met with Einar B. Paust, Assistant General Counsel of Standard Oil (New Jersey), Francis X. Clare, Trademark Counsel for Standard Oil (New Jersey), Leslie D. Taggart, outside trademark counsel for Standard Oil (New Jersey), and Nelson Jones, general counsel of plaintiff Humble, in the office of Mr. Paust in New York.

This Court first heard of this meeting in a hearing on the supplemental bill during December 1964, and the Court's decision on that matter is reported at 239 F. Supp. 97. The testimony and proceedings on the supplemental bill were introduced in evidence and are a part of this proceeding. As a result of this hearing, the Court enjoined the plaintiffs from continuing a lawsuit in Oklahoma City, Oklahoma.

Mr. Day testified at both the hearing on the supplemental bill and at the trial of this cause. He stated that

he made notes of the March 1960 meeting on the airplane returning to Cleveland, and a few days later his secretary typed up a memorandum from these notes. The memorandum was before the Court on the hearing on the supplemental bill and at the time of this trial. The essence of Day's testimony is that the attorneys for Standard Oil (New Jersey) proposed that Standard Oil (Ohio) cooperate with Standard Oil (New Jersey) and that Sohio start a station using the "Sohio" name in Esso territory and Esso start a station in Sohio territory using the "Esso" name and then that litigation be instituted with cross-claims, which would result in judicial decisions that there is no confusion between these names. On the basis of such decisions Standard Oil (Ohio) could use them in an attempt to get the Wyoming District Court decree modified. Standard Oil (New Jersey) would use such decisions in an attempt to get the 1937 St. Louis decree modified. An alternate proposal was that the names "Esso" and "Sohio" be used side by side and surveys be conducted to show that the public was not confused by the use of these names.

The hearing on the supplemental bill was held in December 1964. Francis X. Clare was present in the court room at the time of this hearing and did not take the stand to deny the testimony of Mr. Day. He later testified that the reason he did not take the stand at the hearing on the supplemental bill was on advice of counsel that this proceeding was not material to the main issues involved. It is remembered by the Court that in December 1964 discovery was going on between the parties and at that time plaintiffs did not know what evidence the defendants might secure relating to this meeting from the various files which the Court had ordered Standard Oil (New Jersey) to produce. By the time this case came on for a final hearing in January and February, 1966, both parties knew exactly what would be introduced in evidence because of pretrial orders requiring a listing of documents, and discovery had

been completed. At the time of the trial, Day and Hanning confirmed the testimony given by Day at the time of the hearing on the supplemental bill. All of the attorneys for the plaintiffs who attended the March 1960 meeting took the stand and categorically denied under oath that these suggestions for ligation had been made by them and stated that there had been no discussion whatsoever of litigation. It was called to the attention of plaintiffs' attorneys who took the witness stand that their testimony was in direct conflict with that of the attorneys for Standard Oil (Ohio). These witnesses were given an opportunity to reflect on their testimony and to change it, if they so desired. After reflecting, they reiterated their testimony. Plaintiffs' attorneys who testified, also testified that no notes were made by them and no memoranda were written by them as to what occurred at the March 1960 meeting. Standard Oil (Ohio) rejected the propsals made to them by plaintiffs' attorneys. After the meeting in March 1960, Humble entered Ohio but used the name "Enco" and not "Esso". The Court is of the opinion that the testimony of Day and Hanning is the truth.

The Court is of the opinion that the meeting in New York between the lawyers of Standard Oil (Ohio) and the lawyers of Standard Oil (New Jersey) is material and directly related to the instant litigation. The proposals made by plaintiffs' attorneys at the New York meeting were not legitimate attempts to solve business problems. Those proposals go beyond the point a lawyer may go in behalf of a client. A corporate employee and attorney may not attempt to deceive the courts to advance the interests of his employer. The proposals made in the New York meeting, coupled with the abortive suit in Oklahoma, which was stopped by this Court, and the testimony of plaintiffs' employees and lawyers in denying the proposals, are condemned by this Court. Their conduct falls squarely within the doctrine of unclean hands. Even though the evidence presented by the plaintiffs were more convincing

and even though plaintiffs had shown the Court by clear and convincing evidence that they were entitled to relief, no relief would be granted to them because of their conduct.

The leading case on the subject of modifying an injunction is *United States* v. *Swift & Co.*, 286 U.S. 106 (1932), and this case has been followed by the 8th Circuit Court of Appeals, see *The Bowdil Co.* v. *Central Mine Equipment Co.*, 216 F.2d 156 (1954). Justice Cardozo speaking for the Court at page 119 of the *Swift & Co.* case, supra, said:

> "We are not framing a decree. We are asking ourselves whether anything has happened that will justify us now in changing a decree. The injunction, whether right or wrong, is not subject to impeachment in its application to the conditions that existed at its making. We are not at liberty to reverse under the guise of readjusting . . . The inquiry for us is whether the changes are so important that dangers, once substantial, have become attenuated to a shadow. No doubt the defendants will be better off if the injunction is relaxed, but they are not suffering hardship so extreme and unexpected as to justify us in saying that they are the victims of oppression. Nothing less than a clear showing of grievous wrong evoked by new and unforeseen conditions should lead us to change what was decreed . . ."

The use of the name "Standard" and all derivatives thereof belongs to Standard Oil (Indiana) in the midwest states as this Court held in 1937. To permit this decree to be modified on the evidence presented to this Court would cause the motoring public a great deal of confusion and would cause a substantial loss to the defendants. Their customers would not know the difference between the Standard torch and oval as used in the midwest and the Esso in the oval as used by the plaintiffs. The motoring public in the midwest would be buying plaintiffs' products thinking they were defendants'. The injunction of 1937 does not prohibit the plaintiffs here from competing with the defendants in the midwest. They are at liberty to build

all the filling stations, sell all the gasoline and do anything else they want to do, under the name "Enco" or any other name they choose to adopt other than "Esso" or some derivative of the name "Standard Oil". This, they are and have been doing. They have suffered no hardship. While the defendants in this case have had some change in the use of the initials "S O" and "S O C O" from 1937 to the present date, there has been a substantial and continued use of these initials. In the early stages of this case the court reporters had great difficulty in determining whether the lawyers were saying "S O" or "Esso". When pronounced they sound identical. Both mean Standard Oil.

The test of losing the right to the use of a trademark may be by abandonment, non-use, laches, or acquiescence, and abandonment must be coupled with intent to abandon. *Hanover Star Milling Co.* v. *Metcalf*, 240 U.S. 403 (1916). None of these has been shown by the evidence. No abandonment of the defendants' right or any intention to abandon the name "Standard" or its derivatives has been shown by the evidence.

Turning now to the 1960 meeting between plaintiffs' attorneys and the attorneys for Standard Oil (Ohio), and the subsequent conduct of plaintiffs' attorneys, does this fall within the doctrine of unclean hands? The courts have set out the guidelines for the doctrine of unclean hands on a number of occasions. The Supreme Court speaking through Justice Murphy in *Precision Co.* v. *Automotive Co.*, 324 U.S. 806 (1945), said:

> "The guiding doctrine in this case is the equitable maxim that 'he who comes into equity must come with clean hands.' This maxim is far more than a mere banality. It is a self-imposed ordinance that closes the doors of a court of equity to one tainted with inequitableness or bad faith relative to the matter in which he seeks relief, however improper may have been the behavior of the defendant. That doctrine is rooted in the historical concept of court of equity as

> a vehicle for affirmatively enforcing the requirements of conscience and good faith. . . . Thus while 'equity does not demand that its suitors shall have led blameless lives,' . . . as to other matters, it does require that they shall have acted fairly and without fraud or deceit as to the controversy in issue. . . .
>
> ". . . Accordingly one's misconduct need not necessarily have been of such a nature as to be punishable as a crime or as to justify legal proceedings of any character. Any willful act concerning the cause of action which rightfully can be said to transgress equitable standards of conduct is sufficient cause for the invocation of the maxim by the chancellor."

The conduct of the plaintiffs' attorneys in the 1960 meeting in New York was a long-range effort to get the St. Louis decree modified and the abortive suit brought by the plaintiffs in Oklahoma, which was stopped by this Court, and the testimony of plaintiffs' attorneys at the trial fall squarely within the doctrine of unclean hands. See also *Keystone Driller Co.* v. *General Excavator Co.*, 290 U.S. 240 (1933); *Morton Salt Co.* v. *G. S. Suppiger Co.*, 314 U.S. 488 (1942); *Shaver* v. *Heller & Merz Co.*, 108 Fed. 821 (8 Cir. 1901).

A decree will be entered dismissing the plaintiffs' complaint and continuing the injunction granted by this Court in 1937.

Dated this 29th day of September, 1966.

/s/ JAMES H. MEREDITH
United States District Judge

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